

QUARTERLY REPORT

LICENSEE: ACE GAMING, LLC

FOR THE QUARTER ENDED DECEMBER 31, 2004

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

BALANCE SHEETS

AS OF DECEMBER 31, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 12,755	\$ 16,903
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2004, \$3,862; 2003, \$5,918).....	5,475	5,308
4	Inventories.....	2,499	2,222
5	Prepaid Expenses and Other Current Assets..... Note 12.....	4,989	4,705
6	Total Current Assets.....	25,718	29,138
7	Investments, Advances, and Receivables..... Note 14.....	11,646	10,705
8	Property and Equipment - Gross..... Note 13.....	218,206	209,426
9	Less: Accumulated Depreciation and Amortization..... Note 13.....	(46,566)	(40,013)
10	Property and Equipment - Net..... Note 13.....	171,640	169,413
11	Other Assets.....	1,754	1,814
12	Total Assets.....	\$ 210,758	\$ 211,070
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 7,081	\$ 6,815
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	-	-
16	Other.....	258	-
17	Income Taxes Payable and Accrued..... Note 4.....	31	-
18	Other Accrued Expenses..... Note 15.....	10,387	12,857
19	Other Current Liabilities..... Note 16.....	3,820	2,411
20	Total Current Liabilities.....	21,577	22,083
	Long-Term Debt:		
21	Due to Affiliates.....	-	131,900
22	Other.....	504	-
23	Deferred Credits.....	-	-
24	Other Liabilities..... Note 17	4,037	3,728
25	Commitments and Contingencies		
26	Total Liabilities.....	26,118	157,711
27	Stockholders', Partners', Or Proprietor's Equity.....	184,640	53,359
28	Total Liabilities and Equity.....	\$ 210,758	\$ 211,070

The accompanying notes are an integral part of the financial statements.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE	DESCRIPTION	2004	2003
(a)	(b)	(c)	(d)
	Revenue:		
1	Casino.....	\$ 187,310	\$ 183,036
2	Rooms.....	10,908	10,983
3	Food and Beverage.....	21,899	21,946
4	Other.....	3,939	3,925
5	Total Revenue.....	224,056	219,890
6	Less: Promotional Allowances.....	50,678	49,632
7	Net Revenue.....	173,378	170,258
	Costs and Expenses:		
8	Cost of Goods and Services.....	117,615	121,867
9	Selling, General, and Administrative.....	36,948	34,580
10	Provision for Doubtful Accounts.....	415	1,041
11	Total Costs and Expenses.....	154,978	157,488
12	Gross Operating Profit.....	18,400	12,770
13	Depreciation and Amortization.....	14,898	14,123 *
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) From Operations.....	3,502	(1,353) *
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates	(6,956)	(12,355) *
18	Interest (Expense) - External.....	(233)	(227)
19	Investment Alternative Tax and Related Income (Expense) - Net....	(1,165)	(1,434)
20	Nonoperating Income (Expense) - Net..... Note 18.....	(2,098)	(1,531) *
21	Total Other Income (Expenses).....	(10,452)	(15,547) *
22	Income (Loss) Before Income Taxes And Extraordinary Items.....	(6,950)	(16,900)
23	Provision (Credit) for Income Taxes..... Note 4.....	986	856
24	Income (Loss) Before Extraordinary Items.....	(7,936)	(17,756)
	Extraordinary Items (Net of Income Taxes -		
25	2004, \$ - - ; 2003, \$ - -).....	-	-
26	Net Income (Loss).....	\$ (7,936)	\$ (17,756)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE	DESCRIPTION	2004	2003
(a)	(b)	(c)	(d)
	Revenue:		
1	Casino.....	\$ 44,815	\$ 40,843
2	Rooms.....	2,566	2,453
3	Food and Beverage.....	5,427	5,144
4	Other.....	1,113	915
5	Total Revenue.....	53,921	49,355
6	Less: Promotional Allowances.....	12,086	10,969
7	Net Revenue.....	41,835	38,386
	Costs And Expenses:		
8	Cost of Goods and Services.....	28,609	29,268
9	Selling, General, and Administrative.....	10,204	8,649
10	Provision for Doubtful Accounts.....	153	183
11	Total Costs and Expenses.....	38,966	38,100
12	Gross Operating Profit.....	2,869	286
13	Depreciation and Amortization.....	3,571	3,197 *
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) From Operations.....	(702)	(2,911) *
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....	(306)	(3,567) *
18	Interest (Expense) - External.....	(71)	(54)
19	Investment Alternative Tax and Related Income (Expense) - Net...	(278)	(568)
20	Nonoperating Income (Expense) - Net..... Note 18.....	237	(1,892) *
21	Total Other Income (Expenses).....	(418)	(6,081) *
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(1,120)	(8,992)
23	Provision (Credit) for Income Taxes..... Note 4.....	201	241
24	Income (Loss) Before Extraordinary Items.....	(1,321)	(9,233)
25	Extraordinary Items (Net of Income Taxes - 2004, \$ - - ; 2003, \$ - -).....	-	-
26	Net Income (Loss).....	\$ (1,321)	\$ (9,233)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)		Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2002	100	\$ -		\$	89,659	\$	(18,544)	\$ 71,115
2	Net Income (Loss) -							(17,756)	(17,756)
3	Contribution to Paid-in-Capital.....								
4	Dividends.....								
5	Prior Period Adjustments.....								
6									
7									
8									
9									
10	Balance, December 31, 2003.....	100	-			89,659		(36,300)	53,359
11	Net Income (Loss) - 2004.....							(7,936)	(7,936)
12	Contribution to Paid-in - Capital.....					142,013			142,013
13	Dividends.....								
14	Prior Period Adjustments.....								
15	Return of Paid-in-Capital					(2,796)			(2,796)
16	Cancelled Common Stock	(100)							
17	Single Member LLC								
18									
19	Balance, December 31, 2004.....	-	\$ -		\$	228,876	\$	(44,236)	\$ 184,640

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF CASH FLOWS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 5,226	\$ (2,411)
2	CASH FLOWS FROM INVESTING ACTIVITIES:		
	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	202	-
4	Cash Outflows for Property and Equipment.....	(17,379)	(12,825)
5	Proceeds from Disposition of Property and Equipment.....	308	110
6	Purchase of Casino Reinvestment Obligations.....	(2,308)	(2,335)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....		130
9	Cash Outflows to Acquire Business Entities (net of cash acquired).	-	-
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(19,177)	(14,920)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	15,400
14	Payments to Settle Short-Term Debt.....	-	-
15	Cash Proceeds from Issuance of Long-Term Debt.....	758	-
16	Costs of Issuing Debt.....		-
17	Payments to Settle Long-Term Debt.....	(78)	-
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	9,123	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	9,803	15,400
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(4,148)	(1,931)
25	Cash And Cash Equivalents At Beginning Of Period.....	16,903	18,834
26	Cash And Cash Equivalents At End Of Period.....	\$ 12,755	\$ 16,903

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 10,744	\$ 12,100
28	Income Taxes.....	\$ 1,051	\$ 892

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF CASH FLOWS

AMENDED
5/21/05

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

AMENDED

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ (7,936)	\$ (17,756)
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment....	14,678	13,918
31	Amortization of Other Assets.....	220	205
32	Amortization of Debt Discount or Premium.....	-	-
33	Deferred Income Taxes - Current.....		
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	152	(105)
36	(Gain) Loss on Casino Reinvestment Obligations.....	1,165	1,434
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	(167)	(308)
39	Net (Increase) Decrease in Inventories.....	(277)	(371)
40	Net (Increase) Decrease in Other Current Assets.....	(760)	960
41	Net (Increase) Decrease in Other Assets.....	(1,246)	(12)
42	Net Increase (Decrease) in Accounts Payable.....	266	201
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	(1,164)	(946)
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	295	369
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 5,226	\$ (2,411)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ 17,379	\$ 12,825
49	Less: Capital Lease Obligations Incurred.....	-	-
50	Cash Outflows For Property And Equipment.....	\$ 17,379	\$ 12,825
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows To Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....	\$ 9,123	\$ -
58	Less: Issuances to Settle Long-Term Debt.....	-	-
59	Consideration in Acquisition of Business Entities.....	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$ 9,123	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

**SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES**

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	283,634	\$ 6,981		\$
2	Food	551,145	7,605		
3	Beverage	2,156,065	5,332		
4	Travel			2,428	956
5	Bus Program Cash	616,823	10,737		
6	Other Cash Complimentaries	271,656	19,168		
7	Entertainment	10,693	545		
8	Retail & Non-Cash Gifts			707,001	4,934
9	Parking			150,312	452
10	Other	38,899	310		
11	Total	3,928,915	\$ 50,678	859,741	\$ 6,342

FOR THE THREE MONTHS ENDED DECEMBER 31, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	54,695	\$ 1,357		\$
2	Food	144,649	1,978		
3	Beverage	499,271	1,404		
4	Travel			615	336
5	Bus Program Cash	133,377	2,101		
6	Other Cash Complimentaries	70,910	5,003		
7	Entertainment	3,699	165		
8	Retail & Non-Cash Gifts			212,017	1,289
9	Parking			24,553	74
10	Other	9,807	78		
11	Total	916,408	\$ 12,086	237,185	\$ 1,699

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Organization, Business and Basis of Presentation

The consolidated financial statements include the accounts of ACE Gaming, LLC (“ACE” or the “Company”), subsequent to July 21, 2004, and the accounts of Greate Bay Hotel and Casino, Inc. (“GBHC”) which was a wholly-owned subsidiary of GB Holdings, Inc. (“GB Holdings”) prior to July 22, 2004. Until July 22, 2004, GBHC was the owner and operator of The Sands Hotel and Casino in Atlantic City (“The Sands”). ACE a New Jersey limited liability company and a wholly-owned subsidiary of Atlantic Coast Entertainment Holdings, Inc. (“Atlantic Holdings”), was formed in November 2003. ACE is a single member LLC with Atlantic Holdings as its sole member. Atlantic Holdings and ACE were formed in connection with a transaction (the “Transaction”), which included a Consent Solicitation and Offer to Exchange in which holders of \$110 million of 11% Notes due 2005 (the “11% Notes”), issued by GB Property Funding Corp. (“Property”), a wholly-owned subsidiary of GB Holdings, were given the opportunity to exchange such notes on a dollar for dollar basis for \$110 million of 3% Notes due 2008 (the “3% Notes”), issued by Atlantic Holdings and guaranteed by ACE. The Transaction was consummated on July 22, 2004, and holders of approximately \$66.3 million of 11% Notes exchanged such notes for approximately \$66.3 million of 3% Notes. In connection with the Consent Solicitation and Offer to Exchange, the indenture governing the 11% Notes was amended to eliminate certain covenants and to release the liens on the collateral securing such notes. The Transaction included, among other things, the transfer of substantially all of the assets of GB Holdings to Atlantic Holdings. The transfer of assets has been accounted for as an exchange of net assets between entities under common control, whereby the entity receiving the assets shall initially recognize the assets and liabilities transferred at their historical carrying amount in the accounts of the transferring entity at the date of transfer. No gain or loss was recorded relating to the transfer. The 3% Notes, in connection with the closing of the transaction, are guaranteed on a joint and several basis by ACE. Atlantic Holdings and its subsidiary, ACE had limited operating activities prior to July 22, 2004. Also on July 22, 2004, in connection with the consummation of the Transaction and the Consent Solicitation and Offer to Exchange, Property and GBHC, merged into GB Holdings, with GB Holdings as the surviving entity. All references to ACE, and the Company refer to such entity as it existed following the consummation of the Transaction. In connection with the transfer of the assets and certain liabilities of GB Holdings, including the assets and certain liabilities of GBHC, Atlantic Holdings issued 2,882,938 shares of common stock, par value \$.01 per share (the “Atlantic Holdings Common Stock”) of Atlantic Holdings to GBHC which following the merger of GBHC became the sole asset of GB Holdings. Substantially all of the assets and liabilities of GB Holdings and GBHC (with the exception of the remaining 11% Notes and accrued interest thereon, the Atlantic Holdings Common Stock, and the related pro rata share of deferred financing costs) were transferred to Atlantic Holdings or ACE. As part of the Transaction an aggregate of 10,000,000 warrants, issued by Atlantic Holdings, were distributed on a pro rata basis to the stockholders of GB Holdings upon the consummation of the Transaction. Such Warrants allow the holders to purchase from Atlantic Holdings, at an exercise price of \$.01 per share, an aggregate of 2,750,000 shares of Atlantic Holdings Common Stock and are only exercisable following the earlier of (a) either the 3% Notes being paid in cash or upon conversion, in whole or in part, into Atlantic Holdings Common Stock, (b) payment in full of the outstanding principal of the 11% Notes exchanged, or (c) a determination by a majority of the board of directors of Atlantic Holdings (including at least one independent director of Atlantic Holdings) that the Warrants may be

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

exercised. The Sands New Jersey gaming license was transferred to ACE in accordance with the approval of the New Jersey Casino Control Commission ("CCC").

In connection with the Consent Solicitation and Offer to Exchange described above, holders of \$66,258,970 of 11% Notes exchanged such notes for an equal principal amount of 3% Notes.

In accordance with the Contribution Agreement pursuant to which GB Holdings contributed its assets to Atlantic Holdings, GB Holdings normal, ordinary course operating expenses (including legal and accounting costs, directors' and officers' insurance premiums, and fees for SEC filings) not to exceed in the aggregate \$250,000 in any twelve month period are to be paid by Atlantic Holdings subject to a number of conditions.

All significant intercompany transactions and balances have been eliminated in consolidation.

(2) Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are discussed below. The consolidated financial statements have been prepared in conformity with prescribed formats of the CCC and US generally accepted accounting principles. The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the balance sheets, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Casino revenues, promotional allowances and departmental expenses -

The Company recognizes revenues in accordance with industry practice. Casino revenue is recorded as net win from gaming activities (the difference between gaming wins and losses) as casino revenues. Casino revenues are net of accruals for anticipated payouts of progressive and certain other slot machine jackpots. Such anticipated jackpots and payouts are included in gaming liabilities on the accompanying consolidated balance sheets.

The retail value of rooms, food and beverage and other items that were provided to customers without charge has been included in revenues and a corresponding amount has been deducted as promotional allowances.

Cash and cash equivalents -

Cash and cash equivalents are generally comprised of cash and investments with original maturities of three months or less, such as commercial paper, certificates of deposit and fixed repurchase agreements.

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Allowance for doubtful accounts -

In its normal course of business The Sands incurs receivables arising from credit provided to casino customers, hotel customers and accrued interest receivable. The allowance for doubtful accounts adjusts these gross receivables to Management's estimate of their net realizable value. The provision for doubtful accounts charged to expense is determined by Management based on a periodic review of the receivable portfolio. This provision is based on estimates, and actual losses may vary from these estimates. The allowance for doubtful accounts is maintained at a level that Management considers adequate to provide for possible future losses.

Inventories –

Inventories are stated at the lower of cost (on a first-in, first-out basis) or market.

Property and equipment -

Property and equipment have been recorded at cost and are being depreciated utilizing the straight-line method over their estimated useful lives as follows:

Buildings and improvements	25-40 years
Operating equipment	3-7 years

Interest costs related to property and equipment acquisitions are capitalized during the acquisition period and are being amortized over the useful lives of the related assets.

Long-lived assets -

The Company accounts for long-lived assets in accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS No. 144"), which excludes from the definition of long-lived assets goodwill and other intangibles that are not amortized in accordance with FASB Statement No. 142 "Goodwill and Other Intangible Assets." FAS No. 144 requires that long-lived assets to be disposed of by sale be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. FAS No. 144 also expands the reporting of discontinued operations to include components of an entity that have been or will be disposed of rather than limiting such discontinuance to a segment of a business.

The Company periodically reviews long-lived assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairments are recognized when the expected future undiscounted cash flows derived from such assets are less than their carrying value. For such cases, losses are recognized for the difference between the fair value and the carrying amount. Assets to be disposed of by sale or abandonment, and where management has the current ability to remove such assets from operations, are recorded at the lower of carrying amount or fair value less cost of disposition. Depreciation for these assets is suspended during the disposal period, which is generally less than one year. Assumptions and estimates used in the determination of impairment losses, such as future cash flows and disposition costs, may affect the carrying value of long-lived assets and possible

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

impairment expense in the Company's consolidated financial statements. Management does not believe that any material impairment currently exists related to its long-lived assets.

Accrued insurance -

The Company is self insured for a portion of its general liability, workers compensation, certain health care and other liability exposures. A third party insures losses over prescribed levels. Accrued insurance includes estimates of such accrued liabilities based on an evaluation of the merits of individual claims and historical claims experience. Accordingly, the Company's ultimate liability may differ from the amounts accrued.

Income taxes -

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rates is recognized in income in the period of the enactment date.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year consolidated financial statement presentations.

(3) Long-Term Debt

On November 12, 2004, Atlantic Holdings and ACE entered into a Loan and Security Agreement (the "Loan Agreement"), by and among Atlantic Holdings, as borrower, ACE, as guarantor, and Fortress Credit Corp. ("Fortress"), as lender, and certain related ancillary documents, pursuant to which, Fortress agreed to make available to Atlantic Holdings a senior secured revolving credit line providing for working capital loans of up to \$10 million (the "Loans"), to be used for working capital purposes in the operation of The Sands, located in Atlantic City, New Jersey. The Loan Agreement and the Loans thereunder have been designated by the Board of Directors of Atlantic Holdings and the Manager of ACE, as Working Capital Indebtedness (as that term is defined in the Indenture) (the "Indenture"), dated as of July 22, 2004, among Atlantic Holdings, as issuer, ACE, as guarantor, and Wells Fargo Bank, National Association, as trustee (the "Trustee").

The aggregate amount of the Loans shall not exceed \$10 million plus interest. All Loans under the Loan Agreement are payable in full by no later than the day immediately prior to the one-year anniversary of the Loan Agreement, or any earlier date on which the Loans are required to be paid in full, by acceleration or otherwise, pursuant to the Loan Agreement.

The outstanding principal balance of the Loan Agreement will accrue interest at a fixed rate to be set monthly which is equal to one month LIBOR (but not less than 1.5%), plus 8% per annum. In addition to interest payable on the principal balance outstanding from time to time under the Loan Agreement, Atlantic Holdings is required to pay to Fortress an unused line fee for

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

each preceding three-month period during the term of the Loan Agreement in an amount equal to .35% of the excess of the available commitment over the average outstanding monthly balance during such preceding three-month period.

The Loans are secured by a first lien and security interest on all of Atlantic Holdings' and ACE's personal property and a first mortgage on The Sands Hotel & Casino. Fortress entered into an Intercreditor Agreement, dated as of November 12, 2004, with the Trustee pursuant to the Loan Agreement. The Liens (as that term defined in the Indenture) of the Trustee on the Collateral (as that term is defined in the Indenture), are subject and inferior to Liens which secure Working Capital Indebtedness such as the Loans.

Fortress may terminate its obligation to advance and declare the unpaid balance of the Loans, or any part thereof, immediately due and payable upon the occurrence and during the continuance of customary defaults which include payment default, covenant defaults, bankruptcy type defaults, attachments, judgments, the occurrence of certain material adverse events, criminal proceedings, and defaults by Atlantic Holdings or ACE under certain other agreements. As of December 31, 2004 there had been no borrowings related to the Loans.

The Borrower and Guarantor on the Loan Agreement are required to maintain the following financial covenants; (1) a minimum defined EBITDA of \$12.5 million, which shall be measured and confirmed as of the twelve month period ended each respective January 1, April 1, July 1 and October 1 of each year until the full and final satisfaction of the loan and (2) a Minimum Leverage Ratio of which the Borrower shall not permit its ratio of defined Total Debt to EBITDA, as measured and confirmed annually on a trailing twelve month basis to exceed 6.25:1. As of December 31, 2004, The Company is in compliance with these to covenants.

As of December 31, 2004 ACE had no long-term debt, other than the capital leases described in Note 10.

(4) Income Taxes

The components of the provision for income taxes are as follows:

	Year Ended December 31, 2004
Federal income tax provision:	
Current	\$ -
Deferred	-
State income tax provision:	
Current	986,000
Deferred	-
	<u>\$ 986,000</u>

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for income tax purposes. The major components of deferred tax liabilities and assets as of December 31, 2004 were as follows:

	<u>2004</u>
Deferred tax assets:	
Bad debt reserve	\$ 1,578,000
Deferred financing costs	2,265,000
Group insurance	904,000
Accrued vacation	603,000
Action cash awards accrual	191,000
Jackpot accrual	407,000
Medical reserve	534,000
CRDA	6,293,000
Federal and state net operating loss carryforward	26,192,000
Workers Compensation	462,000
Grantors trust income	3,713,000
Credit carryforwards	3,345,000
Other	<u>770,000</u>
	47,257,000
Total deferred tax assets	47,257,000
Less valuation allowance	<u>(30,785,000)</u>
Total deferred tax assets after valuation allowance	<u>16,472,000</u>
Deferred tax liabilities:	
Non-current:	
Depreciation of plant and equipment	(16,336,000)
Other	(11,000)
Chips and tokens	<u>(125,000)</u>
Total deferred tax liabilities	<u>(16,472,000)</u>
Net deferred tax assets (liabilities)	\$ <u>-</u>

Federal net operating loss carryforwards totaled approximately \$70.2 million as of December 31, 2004 and will begin expiring in the year 2022 and forward. New Jersey net operating loss carryforwards totaled approximately \$28.0 million as of December 31, 2004. The Company also has general business credit carryforwards of approximately \$1.1 million which expire in 2005 through 2024. Additionally, as of December 2004, the Company has a federal alternative minimum tax (AMT) credit carryforward of about \$72,000 and a New Jersey alternative minimum assessment (AMA) credit carryforward of approximately \$2.2 million, both of which can be carried forward indefinitely.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Management has determined that the realization of certain of the Company's deferred tax assets is not more likely than not and, thus, has provided a valuation allowance against those assets at December 31, 2004.

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The provision for income taxes differs from the amount computed at the federal statutory rate as a result of the following:

	Year Ended December 31, 2004
Federal statutory rate	35.0 %
State taxes net of federal benefit	19.3 %
Permanent differences	111.3 %
Tax credits	5.7 %
Deferred tax valuation allowance	<u>(179.3) %</u>
	<u>(8.0) %</u>

(5) Transactions with related parties

The Company's rights to the trade name "The Sands" (the "Trade Name") were derived from a license agreement with an unaffiliated third party. Amounts payable by the Company for these rights were equal to the amounts paid to the unaffiliated third party. On September 29, 2000, High River Limited Partnership ("High River") assigned the Company the rights under a certain agreement with the owner of the Trade Name to use the Trade Name as of September 29, 2000 through May 19, 2086, subject to termination rights for a fee after a certain minimum term. High River is an entity controlled by Carl C. Icahn. High River received no payments for its assignment of these rights. Payment was made directly to the owner of the Trade Name. On or about July 14, 2004, the Company entered into a license agreement with Las Vegas Sands, Inc., for the use of the trade name "Sands" through May 19, 2086, subject to termination rights for a fee after a certain minimum term. This new license agreement superseded and replaced the above-mentioned trade name rights assigned to the Company by High River. In connection with the Transaction discussed above, the July 14, 2004 license agreement was assigned to ACE as of July 22, 2004.

On February 28, 2003, the Company entered into a two year agreement with XO New Jersey, Inc. a long-distance phone carrier affiliated with Mr. Icahn. The agreement can be extended beyond the minimum two year term on a month-to-month basis.

Pursuant to the Contribution Agreement, under which GB Holdings contributed its assets to Atlantic Holdings, the Company paid \$2.4 million to GB Holdings in 2004 and agreed to pay GB Holdings normal, ordinary course operating expenses (including legal and accounting costs, directors' and officers' insurance premiums, and fees for SEC filings) not to exceed in the aggregate \$250,000 in any twelve month period, subject to a number of conditions. The Company paid \$2.4 million in return of capital to GB Holdings in March 2005.

(6) New Jersey Regulations and Obligatory Investments

The Sands conducts gaming operations in Atlantic City, New Jersey and operates a hotel and several restaurants, as well as related support facilities. The operation of an Atlantic City casino/hotel is subject to significant regulatory control. Under the New Jersey Casino Control Act ("NJCCA"), ACE was required to obtain and is required to periodically renew its operating

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

license. A casino license is not transferable and, after the initial licensing and two one-year renewal periods, is issued for a term of up to four years. The plenary license issued to The Sands was renewed by the Commission on September 29, 2004 and extended through September 2008. The Commission may reopen licensing hearings at any time. If it were determined that gaming laws were violated by a licensee, the gaming license could be conditioned, suspended or revoked. In addition, the licensee and other persons involved could be subject to substantial fines.

In order to renew The Sands' casino license, the Commission determined that Atlantic Holdings and ACE are financially stable. In order to be found "financially stable" under the NJCCA, Atlantic Holdings and ACE must demonstrate, among other things, their ability to pay, exchange, or refinance debts that mature or otherwise become due and payable during the license term, or to otherwise manage such debts. During July 2004, The Sands filed a timely renewal application of its casino license for a four year term. The CCC approved The Sands casino license renewal application for a four year term on September 29, 2004 with certain conditions, including monthly written reports on the status of the 11% Notes, and a definitive plan to address the maturity of the 11% Notes to be submitted no later than August 1, 2005 as well as other standard industry reporting requirements.

The NJCCA requires casino licensees to pay an investment alternative tax of 2.5% of Gross Revenue (the "2.5% Tax") or, in lieu thereof, to make quarterly deposits of 1.25% of quarterly Gross Revenue with the CRDA (the "Deposits"). The Deposits are then used to purchase bonds at below-market interest rates from the CRDA or to make qualified investments approved by the CRDA. The CRDA administers the statutorily mandated investments made by casino licensees and is required to expend the monies received by it for eligible projects as defined in the NJCCA. The Sands has elected to make the Deposits with the CRDA rather than pay the 2.5% Tax.

As of December 31, 2004 and 2003, The Sands had purchased bonds totaling \$6,717,000 and \$6,875,000, respectively. In addition, The Sands had remaining funds on deposit and held in escrow by the CRDA at December 31, 2004 and 2003, of \$17,430,000 and \$15,171,000, respectively. The bonds purchased and the amounts on deposit and held in escrow are collectively referred to as "obligatory investments" on the accompanying consolidated financial statements.

Obligatory investments at December 31, 2004 and 2003 are net of accumulated valuation allowances of \$12,500,000 and \$11,340,000, respectively, based upon the estimated realizable values of the investments. Provisions for valuation allowances for the years ended December 31, 2004 and 2003 amounted to \$1,165,000 and \$1,434,000, respectively.

The Sands has, from time to time, contributed certain amounts held in escrow by the CRDA to fund CRDA sponsored projects. During 2004 and 2003, The Sands donated \$333,000 and \$694,000, respectively, of its escrowed funds to CRDA sponsored projects. No specific refund or future credit has been associated with the 2003 contributions. During 2002, The Sands contributed \$925,000 of its escrowed funds to CRDA sponsored projects and received \$116,000 in a cash refund. Prior to this, the CRDA had granted The Sands both cash refunds and waivers of certain of its future Deposit obligations in consideration of similar contributions. Other assets aggregating \$414,000 and \$621,000, respectively, have been recognized on the accompanying consolidated balance sheets at December 31, 2004 and 2003, and are being amortized over a period of ten years commencing with the completion of the projects. Amortization of other assets totaled \$207,000 and \$205,000 for the years ended December 31, 2004 and 2003, respectively,

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and are included in depreciation and amortization, including provision for obligatory investments on the accompanying statements of operations.

The Sands has agreed to contribute certain of its future investment obligations to the CRDA in connection with the renovation related to the Atlantic City Boardwalk Convention Center. The projected total contribution will amount to \$6.9 million, which will be paid through 2011 based on an estimate of certain of The Sands' future CRDA deposit obligations. As of December 31, 2004, The Sands had satisfied \$2.2 million of this obligation.

In April 2004, the casino industry, the Casino Reinvestment Development Authority (the "CRDA") and the New Jersey Sports and Exposition Authority agreed to a plan regarding New Jersey video lottery terminals ("VLTs"). Under the plan, casinos will pay a total of \$96 million over a period of four years, of which \$10 million will fund, through project grants, North Jersey CRDA projects and \$86 million will be paid to the New Jersey Sports and Exposition Authority which will then subsidize certain New Jersey horse tracks to increase purses and attract higher-quality races that would allow them to compete with horse tracks in neighboring states. In return, the race tracks and New Jersey have committed to postpone any attempts to install VLTs for at least four years. \$52 million of the \$86 million would be donated by the CRDA from the casinos' North Jersey obligations and \$34 million would be paid by the casinos directly. It is currently estimated that The Sands current CRDA deposits for North Jersey projects are sufficient to fund The Sands proportionate obligations with respect to the \$10 million and \$52 million commitments. The Sands proportionate obligation with respect to the \$34 million commitment is estimated to be approximately \$1.3 million payable over a four year period in annual installments due October 15th ranging from \$278,000 to \$398,000 per year. The Sands proportionate obligation with respect to the combined \$10 million and \$52 million commitment is estimated to be approximately \$2.5 million payable over a four year period. The amounts will be charged to operations, on a straight-line basis, through January 1, 2009. The Sands made its initial cash payment of \$278,000 in satisfaction of this obligation during October 2004.

(7) Commitments and Contingencies

Legal Proceedings

We are, from time to time, parties to various legal proceedings arising out of our businesses. We believe, however, that other than the proceedings discussed below, there are no proceedings pending or threatened against us, which, if determined adversely, would have a material adverse effect upon our business financial conditions, results of operations or liquidity.

Tax appeals on behalf of ACE and the City of Atlantic City challenging the amount of ACE's real property assessments for tax years 1996 through 2003 are pending before the NJ Tax Court.

By letter dated January 23, 2004, Sheffield Enterprises, Inc. asserted potential claims against The Sands under the Lanham Act for permitting a show entitled The Main Event, to run at The Sands during 2001. Sheffield also asserts certain copyright infringement claims growing out of the Main Event performances. This matter was concluded by a confidential settlement entered in to by the parties in January 2005. Under the settlement, the Sands was fully indemnified by

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Main Event's insurer for the amount of the stipulated damages. The Sands was responsible for payment of its own legal fees, which were not material.

Labor Relations

The Sands has collective bargaining agreements with three unions that represent approximately 804 employees, most of whom are represented by the Hotel, Restaurant Employees and Bartenders International Union, AFL-CIO, Local 54. The collective bargaining agreement with Local 54 was renewed for a five year term in 2004. The collective bargaining agreements with the Carpenters, Local 623 (4.6% of union employees) and Entertainment Workers, Locals 68 and 917 (10.0% of union employees) expire in April and July 2006, respectively. Management considers its labor relations to be good.

(8) Employee Retirement Savings Plan

ACE administers and participates in The Sands Retirement Plan, a qualified defined contribution plan for the benefit of all of ACE employees, who satisfy certain eligibility requirements.

The Sands Retirement Plan is designed and operated to meet the qualification requirements under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code") and contains a qualified cash-or-deferred arrangement meeting the requirements of section 401(k) of the Code. All employees of ACE, who have completed one year of service, as defined, and who have attained the age of 21, are eligible to participate in the Savings Plan.

The Sands Retirement Plan provides for an employer matching contribution based upon certain criteria, including levels of participation by The Sands' employees. The Sands incurred matching contributions totaling \$441,000 and \$406,000, for the years ended December 31, 2004 and 2003, respectively.

The Sands also contributes to multi-employer pension, health and welfare plans for its union employees. For the year ended December 31, 2004, The Sands contributed \$2,548,000.

(9) Disclosures about Fair Value of Financial Instruments

Disclosure of the estimated fair value of financial instruments is required under FAS No 107, "Disclosure About Fair Value of Financial Instruments." The fair value estimates are made at discrete points in time based on relevant market information and information about the financial instruments. These estimates may be subjective in nature and involve uncertainties and significant judgment and therefore cannot be determined with precision.

Cash and cash equivalents are valued at the carrying amount. Such amount approximates the fair value of cash equivalents because of the short maturity of these instruments.

Obligatory investments are valued at a carrying amount which includes an allowance reflecting the below market interest rate associated with such investments.

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The estimated carrying amounts and fair values of ACE's financial instruments at December 31, 2004 are as follows:

	As of December 31, 2004	
	Carrying Amount	Fair Value
Financial Assets:		
Cash and cash equivalents	\$ 12,756,000	\$ 12,756,000
Obligatory investments, net	11,646,000	11,646,000

(10) Leases

The Company leases certain equipment and property under operating leases. Total lease expense was \$2.0 million and \$2.1 million for the years ended December 31, 2004 and 2003, respectively. The following table sets forth the future minimum commitments for operating leases and capital leases having remaining non-cancelable lease terms in excess of one year:

	Operating Leases	Capital Leases
2005	\$ 1,967,000	\$ 286,000
2006	1,998,000	286,000
2007	1,998,000	188,000
2008	1,998,000	-
2009	1,998,000	-
Thereafter	6,434,000	-
Total Minimum Lease Payments	<u>\$ 16,393,000</u>	<u>760,000</u>
Less imputed interest costs		<u>(80,000)</u>
Present value of Net Minimum Capital Lease Payments		<u>\$ 680,000</u>

(11) Subsequent Events

On January 28, 2005, AREP and Cyprus LLC ("Cyprus"), an affiliate of Mr. Icahn, entered into a Purchase Agreement (the "Agreement"), pursuant to which AREP agreed to purchase from Cyprus 4,121,033 shares of GB Holdings (the "Purchased GB Shares") and warrants (the "Purchased Warrants") to purchase 1,133,284 shares of common stock of Atlantic Holdings. The warrants are exercisable at an exercise price of \$.01 per share and expire seven years from the date of issuance on July 22, 2011.

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	December 31,	
	2004	2003
Deposits - Workers Compensation	\$ 3,018,000	\$ -
Prepaid slot license fee	551,000	552,000
Prepaid insurance	540,000	1,575,000
Prepaid Federal Income Taxes	-	1,359,000
Other current assets	880,000	1,219,000
	<u>\$ 4,989,000</u>	<u>\$ 4,705,000</u>

(13) Property and Equipment

Property and equipment consisted of the following:

	December 31,	
	2004	2003
Land	\$ 54,344,000	\$ 54,344,000
Buildings and improvements	88,147,000	88,249,000
Operating equipment	73,675,000	64,722,000
Construction in progress	2,040,000	2,111,000
	218,206,000	209,426,000
Less: accumulated depreciation and amortization	(46,566,000)	(40,013,000)
Net property and equipment	<u>\$ 171,640,000</u>	<u>\$ 169,413,000</u>

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Investments, Advances and Receivables

Investments, advances and receivables consists of the following:

	December 31,	
	2004	2003
Post 1983 Investment, net	\$ 8,365,000	\$ 7,370,000
NJPB - MPMI Investment, net	1,058,000	993,000
Vermont Plaza Investment, net	468,000	468,000
Other	1,755,000	1,874,000
	<u>\$ 11,646,000</u>	<u>\$ 10,705,000</u>

(15) Other Accrued Expenses

Other accrued expenses consisted of the following:

	December 31,	
	2004	2003
Accrued vacation	\$ 1,477,000	\$ 1,463,000
Major Medical - Non-union	1,308,000	498,000
Accrued wages	730,000	1,430,000
Accrued interest - 2005 Bond	-	3,092,000
Other accrued expenses	6,872,000	6,374,000
	<u>\$ 10,387,000</u>	<u>\$ 12,857,000</u>

(16) Other Current Liabilities

Other current liabilities consisted of the following:

	December 31,	
	2004	2003
Workers Comp liability	\$ 1,132,000	\$ -
Unredeemed gaming chips	570,000	814,000
CRDA bonds payable	557,000	498,000
Other current liabilities	1,561,000	1,099,000
	<u>\$ 3,820,000</u>	<u>\$ 2,411,000</u>

ACE GAMING, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Other Liabilities

Other liabilities consisted of the following:

	December 31,	
	2004	2003
CRDA - East Hall	\$ 3,429,000	\$ 3,271,000
Other liabilities	608,000	457,000
	<u>\$ 4,037,000</u>	<u>\$ 3,728,000</u>


(18) Nonoperating Income(Expense) – Net

Nonoperating income/expense – net is comprised of the following:

	December 31,	
	2004	2003
Reorganization expense - professional fees	\$ 2,292,000	\$ 1,843,000
Gain/loss property disposal	89,000	(105,000)
Gain/loss on impaired assets	62,000	132,000
CRDA interest income	(306,000)	(319,000)
Interest income	(39,000)	(20,000)
	<u>\$ 2,098,000</u>	<u>\$ 1,531,000</u>

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.



Signature

Douglas S. Niethold
Vice President, Finance

Title

2892-11

License Number

On Behalf Of:

ACE Gaming, LLC

Casino Licensee

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
**SCHEDULE OF RECEIVABLES AND
 PATRONS' CHECKS**
 FOR THE YEAR ENDED DECEMBER, 2004

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$ 3,421		
2	Returned Patrons' Checks.....	4,358		
3	Total Patrons' Checks.....	7,779	\$ 3,504	\$ 4,275
4	Hotel Receivables.....	412	34	378
	Other Receivables:			
5	Receivables Due from Officers and Employees.....	3		
6	Receivables Due from Affiliates.....	252		
7	Other Accounts and Notes Receivables.....	892		
8	Total Other Receivables.....	1,147	324	823
9	Totals (Form CCC-205).....	\$ 9,338	\$ 3,862	\$ 5,476

UNDEPOSITED PATRONS' CHECKS ACTIVITY

Line (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 2,889,420
11	Counter Checks issued (Excluding Counter Checks Issued Through Transactions Relating to Consolidations, Partial Redemptions, Substitutions, and Patrons' Cash Deposits).....	73,569,500
12	Checks Redeemed Prior to Deposit (Excluding the Unredeemed Portion of Counter Checks Redeemed Through Partial Redemptions, and Excluding Checks Redeemed Through Transactions Relating to Consolidations, Substitutions, and Patrons' Cash Deposits).....	(49,641,155)
13	Checks Collected Through Deposits.....	(20,167,657)
14	Checks Transferred to Returned Checks.....	(3,229,488)
15	Other Adjustments.....	0
16	Ending Balance.....	\$ 3,420,620
17	"Hold" Checks Included in Balance On Line 16.....	\$ 0
18	Provision for Uncollectible Patrons' Checks.....	\$ 360,737
19	Provision as a Percent of Counter Checks Issued.....	0.5%

Under penalties of perjury, I declare that I have examined this Schedule of Receivables and Patrons' Checks and to the best of my knowledge and belief, it is true and complete.

Signature

Vice President of Finance

Date

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
ANNUAL EMPLOYMENT AND PAYROLL REPORT
AT DECEMBER 31, 2004

(\$ IN THOUSANDS)

LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES AT DECEMBER 31, (c)	SALARIES AND WAGES		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO				
1	Administration	8	\$	\$	\$
2	Gaming	411			
3	Slots	91			
4	Casino Accounting	42			
5	Simulcasting	-			
6	Other	135			
7	Total - Casino	687	\$	\$	\$ 0
8	ROOMS	147			
9	FOOD AND BEVERAGE	507			
	OTHER OPERATED DEPARTMENTS				
10	Human Resources	18			
11	Legal	4			
12	Data Processing	24			
13	Purchasing	13			
14	Valet/Health Club	29			
15	Surveillance	21			
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	4			
21	Accounting and auditing	50			
22	Security	130			
23	Other administrative and general department	-			
24	MARKETING	130			
25	GUEST ENTERTAINMENT	167			
26	PROPERTY OPERATION AND MAINTENANCE	165			
27	TOTALS - ALL DEPARTMENTS	2,096	\$50,234	\$1,462	\$51,696

Under the penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

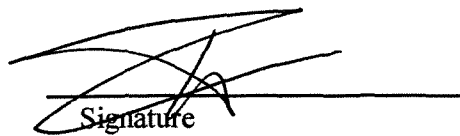
**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2003

Under penalties provided by law, I declare that I have examined this report,
and to the best of my knowledge and belief, it is true and complete.

March 31, 2005

Date


Signature

Douglas S. Niethold

Vice President, Finance

Title

Amended

3/5/05

TRADING NAME OF LICENSEE: Sands Hotel and Casino

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2004

Amended

Line

CASINO WIN:

1.	Table and Other Games Win.....	\$	40,368,749
2.	Slot Machines Win.....		149,840,222
3.	Total Win.....		190,208,971
4.	Recovery for Uncollectible Patrons' Checks.....		-
5.	Gross Revenue (line 3 plus line 4).....		190,208,971
6.	Tax on Gross Revenue - Reporting Year (8% of line 5).....		15,216,718
7.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years		24,121
8.	Total Taxes on Gross Revenue (the sum of lines 6 and 7).....		15,240,839
9.	Total (Deposits) Made for Tax on Reporting Year's Gross Revenue.....		15,216,718
	Settlement of Prior Years' Tax on Gross Revenue		
10.	Resulting from Audit or Other Adjustments - (Deposits) Credits		(24,121)
11.	Gross Revenue Taxes Payable (the net of lines 8, 9 and 10)	\$	(0)

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

3/17/05

Date



Signature

Vice President, Finance